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SUBJECT: SCENESETTER FOR CODEL BAYH

Summary

¶1. (SBU) Post welcomes CODEL Bayh to Colombia. President Alvaro Uribe was re-elected in May, 2006; he is the first president to be re-elected to a second, consecutive term in over 100 years. We expect close bilateral relations between the United States and Colombia to continue in his second term. With USG help, President Uribe has made great strides in fighting drug trafficking and terrorism. He recognizes U.S. support is key to the success of efforts to re-establish central authority throughout the national territory. As a result of U.S.-Colombian efforts, drug eradication and interdiction are at record levels. In January, the GOC presented a Plan Colombia consolidation phase strategy, with a heightened emphasis on social development. USAID programs aim to strengthen democratic institutions, foster a culture of human rights, create alternative development opportunities, and assist people displaced by internal violence.

¶2. (SBU) Colombia's human rights record, although imperfect, is improving. The peace process with the United Self-Defense Forces of Colombia (AUC) has resulted in the demobilization of over 32,000 paramilitaries, but rigorous application of the Justice and Peace Law, the process of which is just beginning, is needed. Exploratory talks with the National Liberation Army (ELN) are focused on establishing an agenda for formal negotiations and a ceasefire agreement, but the Revolutionary Armed Forces of Colombia (FARC) have yet to enter into discussions with the GOC. The FARC has held three U.S. citizens for more than four years; their safe recovery is a top priority. The economy is growing and the United States and Colombia signed a Free Trade Agreement in November ¶2006. End Summary

Internal Politics

¶3. (SBU) President Uribe is the first Colombian president to be re-elected to a second, consecutive term in over 100 years. He was re-elected on May 28, 2006 with 62 percent of the vote. A coalition of pro-Uribe parties won a collective majority in the House and Senate on March 12. The left-leaning Polo Democratico Alternativo party presidential candidate, Carlos Gaviria, won 22 percent of the vote, giving the left its best ever showing in Colombia. The Liberal party received 12 percent of the vote, its poorest showing in more than 40 years. In October, elections will take place for mayors and city council members. Politicians are already positioning themselves and their parties for the 2010 presidential elections.

U.S. Assistance Key to Security Improvements

¶4. In January, the GOC presented a Plan Colombia consolidation phase strategy. The proposal contains a heightened emphasis on social development, assigning new resources to human rights, displaced people, and Afro-Colombian and indigenous communities. It also aims to reintegrate 42,000 demobilized ex-combatants and deserters and promote Colombia's competitiveness and licit exports. The GOC is seeking funding from the United States and European countries.

¶5. (SBU) USG security assistance is premised on combating the interrelated threats of drug trafficking and terrorism and includes training, material aid, and guidance to security forces and other institutions. Uribe characterizes U.S. assistance as critical to the GOC's "Democratic Security" policy - aimed at establishing a state presence throughout national territory - and considers the United States to be Colombia's most important ally.

-- Plan Patriota: The military's multi-phased campaign to re-take areas dominated by the FARC is in its third year. The first phase, which focused on securing Cundinamarca Department, which surrounds Bogota, pushed the FARC away from the capital and resulted in the deaths of at least five mid-level FARC commanders. The second, more complex phase, is two years old and is focused on the FARC's traditional stronghold in southern Colombia. The operation disrupted the FARC's hold on the region. Sustainment of troops in this isolated region is difficult. Infectious diseases - especially leishmaniasis, a parasitic skin infection - and landmines are the leading causes of military casualties.

-- Despite the Colombian's military's success, the FARC continues to attack isolated or smaller police and military targets throughout the country, while avoiding direct contests with larger units. Three notable exceptions include the late December 2005 attack that killed 29 Colombian soldiers just outside of La Macarena National Park, two attacks on civilians, resulting in 17 dead and 14 injured, in southern Colombia in late February 2006, and a November 2006 attack that killed 17 police officers and three civilians in northern Colombia.

-- Center for Coordinated Integral Action: With U.S. support, the GOC formed in 2005 an interagency center to facilitate delivery of social services in seven areas that have traditionally lacked state presence and been controlled by illegal armed groups. The Center focuses on providing immediate social services, including documentation and medical care, and longer-term economic development projects. More than 40,000 individuals have been enrolled in state health care. Judges, investigators, and public defenders have been placed in all 16 municipalities of the Plan Patriota area. A public library was opened in early 2006 in the town of San Vicente del Caguan, which had long been dominated by the FARC.

Drug Eradication and Interdiction

¶6. (SBU) Eradication and interdiction are at record levels. The aerial eradication program exceeded the mid-year revised bilateral spray goals of 160,000 hectares of coca with a 2006 year-end total of 169,399 hectares sprayed. This was the sixth straight record spray year and 24 percent more than the 2005 total. In interdiction programs, National Police and military forces seized over 203 metric tons of cocaine (HCl) and coca base in 2006, a near record quantity, and destroyed 200 HCl laboratories, also a record.

¶7. (SBU) The GOC reported the manual eradication of over 43,808 hectares of illicit crops in 2006 (including 42,111 hectares of coca and 1,697 hectares of opium poppy). Manual

eradication remains costly in terms of human and mechanical resources: 41 security force personnel and civilian eradicators were killed in 2006 by improvised explosive devices (IEDs) and narcoterrorist attacks; Manual eradication projects placed a heavy burden on the National Police to provide security for eradicators.

U.S. Assistance to Development and Democracy Building

¶8. (U) The USAID Mission in Colombia funds programs in three key strategic sectors. USAID's Democratic Governance programs aim to improve the transparency of the justice system, assist the peace process, promote respect for human rights, support democratic processes and foster efficiency and accountability. USAID programs also promote legal alternative development opportunities through increased competitiveness, improved local government infrastructure and management, and a more favorable environment for investment and trade. Colombia has the second largest population of internally displaced persons, behind only Sudan. USAID has provided support to nearly 2.7 million Colombians displaced by internal violence. USAID also helps children who have been forced to serve as child combatants.

Military Justice and Improved Human Rights Record

¶9. (SBU) The Uribe Administration continues to make progress on human rights cases involving military abuse or collaboration with paramilitaries. We continually stress the importance of creating a legal system that delivers credible, timely results. MOD Santos has identified reform of the military justice system as one of five key provisions of his proposed overhaul of the military; in October, he named the first civilian - and the first woman - as director the Military Penal Justice System.

¶10. (U) Human rights training is mandatory for all members of the military and police. Less than two percent of human rights violations are attributable to government security forces, according to GOC statistics. Homicides fell by 5 percent - to the lowest level in 20 years - kidnappings by 12 percent, and forced displacements by 20 percent in 2006, building on trends from previous years. The GOC has a difficult but active dialogue with NGOs, the United Nations, and foreign governments.

¶11. (U) On May 22, 2006, Colombian army soldiers gunned down 10 members of an elite judicial police squadron in Jamundi, Valle Department. These police officers had received DEA training and support and were part of a successful counter narcotics unit. Some 15 soldiers, including the battalion commander, are on trial. In June, the military and civilian justice systems signed a Memorandum of Understanding (MOU) that provided the Prosecutor General's office with the power to investigate and make jurisdictional recommendations in all criminal cases against military defendants, to ensure transparency in human rights cases. In the case of Jamundi, for example, civilian courts have jurisdiction.

Extradition

¶10. (SBU) President Uribe is a strong supporter of the U.S.-Colombia extradition relationship. Since taking office, he has approved 426 extraditions to the United States. President Uribe has approved but suspended the extradition of four AUC leaders to ensure their continued cooperation in the AUC demobilization process.

Demobilization and Peace Process

¶11. (SBU) The GOC began negotiations with the United Self-Defense Forces of Colombia (AUC) in 2002. The AUC demobilization process drew to a close in 2006, and nearly all AUC members (more than 32,000) have demobilized. Some former AUC members have not participated in the demobilization or are forming new criminal groups. Over 10,000 illegal armed group members (from the FARC, ELN and AUC) have individually deserted and entered the government's reinsertion program since 2002.

¶12. (SBU) The reinsertion program has limited funding and logistical problems, but is slowly improving. Colombia has requested U.S. aid for the demobilization and reinsertion process. In FY06, Congress approved up to USD 20 million in demobilization assistance, subject to certification. Consultations continue with the Congress regarding the U.S. intention to spend USD 15.5 million in FY06. The USG has also demarched numerous allies, with some success, to financially support these processes. The GOC currently pays 96 percent of the Reintegration Program's budget, while the international community pays 4 percent. Reintegration Commissioner Frank Pearl, who has been in charge of the Reintegration Program since September 2006, will launch a Capital Investment Fund with the support of Bill Gates on March 19 in Cartagena to raise funds for reintegration. Pearl has warned, however, completely abolishing former paramilitary networks will be more complex and take longer than anticipated.

¶13. (SBU) President Uribe signed the Law of Justice and Peace, which governs demobilization for ex-paramilitaries, in July 2005. The Law offers demobilized terrorists a five- to eight-year alternate sentence, followed by a two-and-a-half to four-year parole period, but only if they fully demobilize, completely confess to all crimes, turn over all assets, release all hostages and child soldiers, and give reparations (actual or symbolic) to victims. Individuals or groups organized for drug trafficking or illicit enrichment are not eligible for reduced sentences, and only crimes committed during membership in the illegal armed group are covered. The confessions (version libres) of ex-paramilitary chiefs began in December, with ex-chief Salvatore Mancuso beginning his version libre process. Rigorous implementation of the law and ensuring the safety of witnesses and victims are key to ensuring peace and justice in Colombia.

¶14. (SBU) The ELN has been negotiating with the GOC for over a year, but it is unclear whether it is ready to implement a cease-fire; the U.S. supports a process that leads to ELN cease-fire, disarmament, and demobilization. The GOC and ELN are discussing ceasefire terms, but progress is slow. While the FARC and the GOC had publicly announced their willingness to enter into talks, an October 19 car bomb attack that left 17 injured led President Uribe to revoke outreach efforts as long as the FARC continued to commit terrorist acts.

U.S. Hostages

¶15. (SBU) The three U.S. contractors captured by the FARC in February 2003 are the longest held U.S. hostages in the world. Their safe release continues to be a top priority. The Colombians are providing full assistance. Uribe has assured us that the U.S. hostages will be included in any humanitarian exchange. The Embassy held a commemoration ceremony on February 13, marking the fourth anniversary of their capture. In January, former Development Minister Fernando Araujo escaped from six years of FARC captivity after an army rescue attempt. In February, a military operation resulted in the rescue an army captain whom the ELN had kidnapped in 2003.

Positive Economic Outlook

¶16. (U) Significant gains in security have helped boost the

Colombian economy. In the third quarter of 2006, Colombia's gross domestic product (GDP) increased by 7.7 percent. Inflation in 2006 was 4.5 percent, the lowest rate in 50 years. The GDP growth has been fueled by a 30 percent increase in the construction sector and robust consumer spending. 2005 Foreign Direct Investment increased to USD 5.6 billion, an increase of 50 percent over 2004, and first quarter 2006 FDI totaled USD 978 million, which is an increase of 6.8 percent over the same period in 2005. The largest U.S. investors - Drummond (coal), ChevronTexaco and ExxonMobil - are planning considerable expansion due to the improved investment climate. Colombia's exports and imports each increased more than 20 percent in 2005, and the U.S. is Colombia's largest trade partner (approximately 40 percent of exports and 28 percent of imports). Colombian exports to the U.S. have grown USD 1 billion per year since ATPDEA's inception in late 2002, while U.S. exports to Colombia increased approximately USD 2 billion. Unemployment fell from 18 percent when President Uribe took office to a little more than 11 percent in October 2006.

117. (SBU) On November 22, 2006 Colombia and the U.S. signed a Trade Promotion Agreement (TPA). The agreement will provide stronger IP protection and give increased market access to key U.S. industrial and agricultural exports. For Colombia, the agreement will create a more attractive investment climate, lock in ATPDEA benefits, and expand employment opportunities for small and medium-sized business. The U.S. Congress recently approved a six month extension of the ATPDEA to promote tariff relief for Colombian businesses as ratification on the TPA moves forward.

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